

INCAP GROUP

# HALF-YEAR REPORT

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JANUARY-JUNE 2024

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# Incap Group's half-year report for January–June 2024 (unaudited)

## April–June 2024 highlights

- Revenue for the second quarter of 2024 amounted to EUR 57.6 million (4–6/2023: EUR 56.4 million) of which EUR 9.0 million was attributable to US business acquired in July 2023. Year-on-year increase was 2.1%. Excluding the impact of the company's largest customer, revenue grew 30.2%.
- Revenue grew 12.2% quarter on quarter.
- Adjusted operating profit (EBIT) was EUR 7.0 million (EUR 8.3 million) or 12.1% of revenue (14.7%). Year-on-year decrease was 15.7%.
- Operating profit (EBIT) was EUR 6.8 million (EUR 7.5 million) or 11.7% of revenue (13.3%). Year-on-year decrease was 9.9%.
- Net profit for the period was EUR 5.1 million (EUR 5.7 million).
- Earnings per share were EUR 0.17 (EUR 0.19).

## January–June 2024 highlights

- Revenue amounted to EUR 109.0 million (EUR 129.1 million) of which EUR 18.5 million was attributable to US business acquired in July 2023. Year-on-year decrease was 15.6%.
- Excluding the impact of the company's largest customer, revenue grew 34.2%.
- Adjusted operating profit (EBIT) was EUR 13.2 million (EUR 19.8 million) or 12.1% of revenue (15.3%). Year-on-year decrease was 33.4%.
- Operating profit (EBIT) was EUR 12.7 million (EUR 18.8 million) or 11.7% of revenue (14.6%). Year-on-year decrease was 32.2%.
- Net profit for the period was EUR 10.0 million (EUR 14.1 million).
- Earnings per share were EUR 0.34 (EUR 0.48).

Unless otherwise stated, the comparison figures refer to the corresponding period in 2023. This half-year report is unaudited.

## Key figures

EUR million	4–6/24	4–6/23	Change	1–3/24	Change	1–6/24	1–6/23	Change	1–12/23
Revenue	57.6	56.4	2.1%	51.4	12.2%	109.0	129.1	-15.6%	221.6
Non-recurring items	0.1	0.7	-87.8%	0.1	19.0%	0.2	0.8	-80.6%	1.1
Operating profit (EBIT)	6.8	7.5	-9.9%	6.0	12.9%	12.7	18.8	-32.2%	28.2
EBIT, % of revenue	11.7%	13.3%		11.7%		11.7%	14.6%		12.7%
Adjusted operating profit (EBIT)*	7.0	8.3	-15.7%	6.2	12.7%	13.2	19.8	-33.4%	30.6
Adjusted EBIT*, % of revenue	12.1%	14.7%		12.1%		12.1%	15.3%		13.8%
Net profit for the period	5.1	5.7	-11.1%	4.9	2.3%	10.0	14.1	-28.8%	19.8
Equity ratio	63.0%	65.1%		62.2%		63.0%	65.1%		60.6%
Net gearing	-5.9%	-1.6%		-5.3%		-5.9%	-1.6%		-7.7%

\*Adjusted operating profit (EBIT) is an alternative performance measure. Adjusted EBIT excludes non-recurring items and purchase price allocation amortisation. Adjusted EBIT provides comparable information between different financial years on operating profit.

## Outlook for 2024

Incap updated its outlook on 18 July 2024 due to better visibility towards the year end and good development in the first half of the year. Incap estimates the revenue in 2024 to be higher than in 2023 and the operating profit (EBIT) in 2024 to be at the same level as in 2023.

Previously Incap estimated that the company's revenue and operating profit (EBIT) in 2024 would be lower than in 2023.

## CEO's comments

I am happy to see that the quarter on quarter growth continued as we had expected. With better visibility towards the year end and good development in the first half of the year, we raised the outlook for 2024 and estimate the revenue in 2024 to be higher than in 2023 and the operating profit (EBIT) in 2024 to be at the same level as in 2023.

Our revenue in the strong second quarter grew 12.2% quarter on quarter and was EUR 57.6 million. Excluding sales to our largest customer, our revenue grew 30.2 % year on year. We expect the revenue to continue to increase quarter by quarter during the year. With the revenue growth, we expect also our profitability to improve.

The revenue growth in the second quarter was coming foremost from Incap India compared to previous quarter. The revenue was also positively impacted by the acquisition completed on 3.7.2023 in the US. I would like to thank our excellent Incap team for delivering these results. They have been focusing on new customer acquisition, increasing sales to existing ones, and cross-selling opportunities from our acquisition.

A year ago, we expanded our operations to the US market with the acquisition of Pennatronics Inc. We are very pleased with our acquisition and the integration of Incap US' operations has continued as planned. Incap US operations have developed well, and the team has had success in new customer acquisition. The acquisition agreement included a potential additional earn-out based on Pennatronics results. The maximum amount of the earn-out, EUR 2.8 million, was paid in full to the sellers in June this year. After successfully entering the US market with the acquisition, we are now looking at potential acquisitions in Europe and the Asia-Pacific region.

To support our growth and keep up our competence and service level, we are constantly evaluating the latest technologies and making investments at our factories. In the beginning of the year, we replaced a SMT production line with advanced new machinery at our factory in Slovakia. In June, we upgraded the UK factory's SMT production line with a fully automated high-precision soldering screen printer, the first ever installed in the UK. The SMT line investment increases capacity and improves the environmental impact. Incap UK also completed in spring 2024 a roof installation project, which was designed to improve energy efficiency and enable a solar panel installation. An extension of the solar panel project is also in the pipeline for our other factories. Incap has ongoing IT projects and is planning on investing further on IT-systems.

In April, we published our first combined Annual and Sustainability Report and are further developing our sustainability reporting in accordance with the CSRD regulation. We prepare for the new reporting requirements by launching Scope 3 emissions calculations and finalizing the Double Materiality Assessment (DMA). We see ESG reporting not just as an obligatory step, but as an opportunity to improve measuring and managing our activities aiming at sustainable business and growth.

During the remainder of the year, we will keep investing in our factories, focus on new customer acquisition and increasing sales to existing customers. We will also continue pursuing shareholder value creating M&A transactions, supported with our solid financials.

**Otto Pukk, President and CEO of Incap Corporation**

## Business environment

The overall demand and market activity in the electronics manufacturing services (EMS) industry continued at a good level despite the geopolitical tensions. The general inflation and cost of manufacturing continued to increase, while the component availability has started to improve. Incap works closely with its suppliers and customers to keep adequate inventory levels to mitigate the risks.

In the electronics manufacturing services industry, customers continue to be very price-conscious and expect that their manufacturing partners continuously increase their efficiency and stay competitive. Incap sees that the ability to quickly adapt to changes is a key success factor in the electronics industry today and in the future. That ability is necessary in developing and implementing new products, production methods and ideas. The

company estimates that long-term market development will be positive because electronics is increasingly used in new types of products such as light vehicles and other everyday items.

In the longer term, the growth in electronics manufacturing services is driven by the growing use of electronics supported with megatrends such as digitalisation. The increasing need for sustainable energy solutions, medical equipment, emerging 5G and IoT ecosystems, defence industry and the proliferation of electric vehicles contribute to the demand growth. Population growth and aging population will also create opportunities in for instance health care technology. The EMS industry is highly fragmented and offers potential for consolidation.

## Financial performance

### April–June 2024

In April–June 2024, revenue increased 2.1% year on year and amounted to EUR 57.6 million (EUR 56.4 million). Revenue grew 12.2% quarter on quarter. Revenue was positively impacted by Incap's unit in USA and negatively by the largest customer's need to reduce their inventory levels.

April–June operating profit (EBIT) decreased 9.9% year on year and amounted to EUR 6.8 million (EUR 7.5 million). Adjusted operating profit (EBIT) was EUR

7.0 million (EUR 8.3 million). Year-on-year decrease was 15.7%. Adjusted operating profit margin was 12.1% (14.7%). In April–June 2024, Incap did not record any material credit losses or inventory write-offs.

Net profit for the period decreased 11.1% year on year and totalled EUR 5.1 million (EUR 5.7 million). Earnings per share were EUR 0.17 (EUR 0.19).

### January–June 2024

In January–June 2024, revenue decreased 15.6% year on year and amounted to EUR 109.0 million (EUR 129.1 million). Revenue was positively impacted by Incap's units in Europe and USA and negatively by the largest customer's need to reduce their inventory levels. Revenue increased 17.9% compared to the second half of 2023.

January–June operating profit (EBIT) decreased 32.2% year on year and amounted to EUR 12.7 million (EUR 18.8 million). Adjusted operating profit (EBIT) was EUR 13.2 million (EUR 19.8 million). Year-on-year decrease was 33.4%. Adjusted operating profit margin was 12.1% (15.3%). In January–June

2024, Incap did not record any material credit losses or inventory write-offs.

Personnel expenses were EUR 15.6 million (EUR 9.6 million). Personnel expenses were impacted by the USA acquisition and salary increases. Other operating expenses were EUR 5.8 million (EUR 6.6 million) of which EUR 0.9 million (EUR 1.6 million) related to contract workers.

Depreciation and amortisation were EUR 2.8 million (EUR 2.0 million).

Net profit for the period decreased 29% year on year and totalled EUR 10.0 million (EUR 14.1

million). Earnings per share were EUR 0.34 (EUR 0.48).

## Balance sheet and financing

Total assets in the balance sheet on 30 June 2024 stood at EUR 194.5 million (EUR 160.4 million). The Group's equity at the end of the reporting period was EUR 119.2 million (EUR 101.2 million).

Liabilities increased from the comparison period to EUR 75.4 million (EUR 59.2 million). EUR 32.8 million thereof (EUR 14.1 million) were interest-bearing liabilities. Liabilities increased from the comparison period due to the loan related to the acquisition of Pennatronics, Inc. Interest-bearing net debt was EUR -7.0 million (EUR -1.6 million).

The Group's non-current interest-bearing liabilities amounted to EUR 29.5 million (EUR 10.8 million) and non-current non-interest-bearing liabilities to EUR 2.9 million (EUR 2.2 million). Current interest-bearing liabilities were EUR 3.3 million (EUR 3.3 million). Out of the non-current interest-bearing liabilities, a loan of EUR 22.5 million (EUR 4.3 million) granted by the company's Finnish bank is related to the acquisition.

The main covenants of the Group's loans include equity ratio and the Group's interest-bearing debt in relation to EBITDA, and their status is reviewed every six months. In the review on 30 June 2024, the target level of interest-bearing debt in relation to EBITDA was below 3.0 and that of the equity ratio over 30%. The company met these covenants as the actual figure for interest-bearing debt/EBITDA on the review date was 1.2 and the equity ratio 63.0%.

With regards to the loans granted by the Indian bank, the company is committed to follow ordinary covenants and the bank's general loan conditions.

## Investments

In January–June 2024, Incap's factory-related investment cash flow totalled EUR 2.1 million (EUR 5.1 million). The investments mainly consist of UK

At the end of June 2024, the company's financial position remained strong. Equity ratio decreased to 63.0% (65.1%), and net gearing was -5.9% (-1.6%).

The Group's cash position during the reporting period was good. On 30 June 2024, the Group's cash and cash equivalents totalled EUR 39.8 million (EUR 15.7 million) and the company had unutilised credit lines amounting to EUR 8.0 million (EUR 7.3 million).

Cash flow from operating activities was EUR 3.2 million (EUR 21.8 million). Cash flow from operating activities was impacted by increase in current receivables, due to increased volume of sales. Earn-out payment related to US acquisition was EUR 2.8 million impacting cash flow from investing activities. The Group's quick ratio was 2.1 (1.2), and current ratio was 3.5 (2.7).

Inventory at end of June 2024 totalled EUR 69.2 million (EUR 73.5 million). Inventory decreased clearly during the first six months of the year compared to the situation in June 2023. This was mainly due to improved material availability and Incap's largest customer's decision to postpone orders due to overstocking. The value of the inventory was impacted by the acquisition. The value of the inventory of the acquired company at the end of June 2024 was EUR 8.7 million. Increase on trade receivables was mainly due to US acquisition and slight decrease of trade payable was in line with the normal business fluctuation.

new SMT line upgrade, UK new roof installation and US production machinery investment.

## Research and development

The development of services and products takes place during the ordinary course of business and is accounted for as an operating expense.

## Personnel

On 30 June 2024, the number of personnel in Incap Group was 2,270 of which 1,244 were contract workers (2,224 of which 1,177 were contract workers). Of the personnel, 66.6% (73.1%) worked in India, 5.6% (5.5%) in Estonia, 14.6% (13.4%) in Slovakia, 7.8% (7.9%) in the United Kingdom, 5.4% (0.0%) in the United States and 0.1% (0.1%) in Finland.

At the end of June, 588 of Incap's personnel were women (577) and 1,682 were men (1,647). The average number of personnel in January–June was 1,990 (2,552).

## Management and organisation

At the end of June 2024, Incap's Management Team consisted of President & CEO, Otto Puk; Director of Operations, India and Sales APAC, Murthy Munipalli; Director of Operations, Estonia, Margus Jakobson; Director of Operations, Slovakia, Miroslav Michalik;

Director of Operations, U.K., Jamie Maughan; Director of Operations, U.S., David Spehar and CFO Antti Pynnönen.

## Sustainability

Incap's sustainability covers economic, social, environmental, and stakeholder responsibility. For Incap, sustainability means that the company exceeds legal requirements and takes into account the needs and expectations of its stakeholders. Through systematic development, Incap aims to increase the positive impact of its operations and minimize the negative effects. The sustainability programme covers social, environmental and economic sustainability including the most material themes and the indicators set to monitor them.

Incap acts as a responsible member of society. In its operations, the company complies with international agreements for human rights as well as on employees' and children's rights. As a basis for its sustainability programme, the company has a Code of Conduct that concerns all its employees and major suppliers. The implementation of sustainability

actions is supported by the company's quality assurance and environmental management systems.

Social responsibility is at the heart of Incap's corporate culture and strategy. The company emphasizes the well-being of its employees and fair and ethical behavior towards all stakeholders. Incap's main stakeholders include the company's customers, employees, suppliers, and owners. The company also acts responsibly towards the inhabitants and actors in close proximity to its factories. The company's personnel policy is based on equality between genders, nationalities and ethnic groups.

Incap is committed to a proactive environmental policy, contributing to the fight against climate change and acting in an environmentally responsible manner. The most significant environmental impacts of Incap's own operations arise from carbon dioxide



emissions from energy consumption and production waste. The company strives to promote sustainable development by improving the efficiency of its production and by constantly taking into account and minimizing the environmental impact of its operations.

Incap is obligated to report according to the European Sustainability Reporting Standards (ESRS) from the financial year 2024 onwards. The company's sustainability reporting has been mainly based on the GRI standards, which Incap has already partially complemented with ESRS-compliant disclosures for 2023. The company is preparing for the new reporting requirements by launching Scope 3 emission calculations. In addition, Incap has initiated a Double Materiality Assessment (DMA) process. The

results of the DMA will be used to update the company's corporate responsibility programme.

Highlights for January–June 2024: Incap strives to improve energy efficiency and the share of renewable energy use in its operations. As part of this development, a roof installation project at Incap's UK factory was completed in spring 2024. The roof of the factory was renewed and prepared to support solar panels in the future. The new roof is designed to improve energy efficiency and create a more comfortable working environment.

Read more about Incap's sustainability work in the company's Annual and Sustainability Report for 2023, which is available on the [company's web pages](#).

## Annual General Meeting 2024

The Annual General Meeting of Incap Corporation held on 10 May 2024 approved the annual accounts for the financial period 1 January–31 December 2023 and resolved to discharge the members of the Board of Directors and the President and CEO from liability.

The Annual General Meeting resolved in accordance with the proposal by the Board of Directors that no dividend will be paid for the financial year 2023.

The Annual General Meeting authorised the Board of Directors to decide to issue new shares either against payment or without payment. The authorisation was given to a maximum quantity of 2,943,721 new shares which represent approximately 10 per cent of the total number of shares in the company at the date of the notice to the Annual General Meeting.

The new shares may be issued to the company's shareholders in proportion to their current shareholdings in the company or deviating from the shareholders' pre-emptive right through one or more directed share issues, if the company has a weighty financial reason to do so, such as developing the company's equity structure, implementing mergers and acquisitions or other restructuring measures

aimed at developing the company's business, financing of investments and business operations or using the shares as a part of the company's incentive systems. The Board of Directors would decide upon terms and scope related to share issues.

Based on the authorisation, the Board of Directors can, pursuant to chapter 10, section 1, of the Finnish Limited Liability Companies Act, also decide on issuing other special rights, either against payment or without payment, entitling to new shares of the company. The subscription price of the new shares can be recorded partly or fully in the invested unrestricted equity reserves or in equity in accordance with the decision of the Board of Directors. The Board of Directors is further entitled to decide on conditions regarding the issuance of shares as well as the issuance of other special rights entitling to shares.

The authorisation is valid for one year from the resolution by the Annual General Meeting.

The resolutions of the Annual General Meeting are available in full on the company's website at <https://incapcorp.com/annual-general-meeting/>.

## Board of Directors and auditor

The Annual General Meeting held on 10 May 2024 resolved that the number of members of the Board of Directors is four (4). The General Meeting re-elected the present members of the Board, Julianna Borsos, Kaisa Kokkonen, Carl-Gustaf von Troil and Ville Vuori as members of the Board of Directors.

In its constitutive meeting after the Annual General Meeting, the Board of Directors elected Ville Vuori as the Chairman of the Board. The Board of Directors also decided to establish two Committees, an Audit Committee and a Remuneration Committee. Kaisa Kokkonen was elected as the Chairman and Julianna Borsos as member of the Audit Committee. Ville Vuori was elected Chairman and Carl-Gustaf von Troil as member of the Remuneration Committee.

The General Meeting re-elected PricewaterhouseCoopers Oy, a company of Authorised Public Accountants, as the company's auditor, who have indicated that Maria Grönroos, Authorised Public Accountant, will serve as the principally responsible auditor. The Annual General Meeting also elected PricewaterhouseCoopers Oy to act as the authorised sustainability auditor of the company. PricewaterhouseCoopers Oy has indicated that Maria Grönroos (Authorized Sustainability Auditor, KRT) will serve as the authorised sustainability auditor with principal responsibility.

## Shares and shareholders

Incap Corporation has one series of shares.

The number of shares of the company on 30 June 2024 was 29,437,214 (30 June 2023: 29,284,835).

In January–June 2024, the share price varied between EUR 6.70 and EUR 12.81 (EUR 9.28 and 22.05). The closing price on 28 June 2024 was EUR 11.86 (30 June 2023: EUR 10.08). The company's market capitalisation on 28 June was EUR 349.1 million (EUR 295.2 million).

At the end of June 2024, the company had 6,920 shareholders (7,292). Nominee-registered owners held 27.0% (29.9%) and foreign owners 7.1% (7.7%) of all shares. The company does not hold any treasury shares.

At the end of June 2024, the members of Incap Corporation's Board of Directors and the President and CEO and their related parties owned a total of 2,123,031 shares or 7.2% of the company's shares outstanding (2,116,621 shares or 7.2% of the company's shares outstanding).

### Largest shareholders on 28 June 2024

	Number of shares	Holding, %
Oy Etra Invest Ab	5,686,665	19.32
Nordea Life Assurance Finland Ltd	1,880,877	6.39
Joensuun Kauppa ja Kone Oy	1,555,070	5.28
Ilmarinen Mutual Pension Insurance Company	1,231,630	4.18
Danske Invest Finnish Equity Fund	593,574	2.02
Sp-Fund Management Company	530,024	1.80
Etola Erkki Olavi	500,000	1.70
Etola Group Oy	450,000	1.53
Elo Mutual Pension Insurance Company	416,000	1.41
Kakkonen Kari	390,525	1.33
<b>10 largest shareholders in total</b>	<b>13,214,365</b>	<b>44.89</b>

## Flagging notifications

In January–June 2024, Incap Corporation did not receive any shareholder announcements in accordance with Section 10 of Chapter 9 of the Securities Market Act.

## Share-based incentives

The Board of Directors of Incap Corporation decided on 8 May 2024 on the share-based incentive plan's new performance period 2024–2026, where the rewards are based on the group's cumulative operating profit (EBIT). During the performance period 2024–2026, the CEO and other Incap Management Team members form the target group of the incentive plan. The rewards to be paid on the basis of the performance period 2024–2026 correspond to the value of an approximate maximum total of 56,267 Incap Corporation shares, also including the proportion to be paid in cash.

The rewards will be paid partly in the company's shares and partly in cash. The cash proportion of the reward is intended to cover taxes and statutory social security contributions arising from the reward to a participant. In general, no reward is paid if the

participant's employment or director contract terminates before the reward payment.

The Incap Management Team member is obliged to hold 50% of the received net reward shares, until the total value of the Management Team member's shareholding in Incap Corporation equals to 50% of their annual base salary of the preceding year. Respectively, the CEO is obliged to hold 50% of the received net reward shares, until the CEO's shareholding in Incap Corporation equals to 100% of the CEO's annual base salary of the preceding year. Such number of Incap Corporation shares must be held as long as the membership in the Management Team or the position as the CEO continues.

## Short-term risks and uncertainties

Risks related to the company's business operations and sector include the development of customer demand, price competition in contract manufacturing and success in new customer acquisition. Other general risks impacting the operating environment

include the geopolitical situation as well as the availability and price development of raw materials and components. Financial risks are related to sufficiency of funding, liquidity and exchange rate fluctuations.

### Risks affecting the operating environment

Geopolitical tensions continued in Europe and in Middle East in the first half of 2024. Russia's war against Ukraine and the sanctions imposed on Russia in response are not expected to have a significant direct impact on the company. Cyber risks and disruptions in information systems can affect production. Incap continuously developing its IT-systems and cybersecurity.

Incap has no business operations and no direct or indirect customers or suppliers in Russia, Belarus or Ukraine. However, the changed operating environment may affect material availability, customer's business environment and global logistics.

## Customer risks

Demand for Incap's services and the company's financial position are affected by global economic trends and the fluctuation among customer industries. The risks connected with the customer demand and the solvency of customers are monitored and evaluated separately for each customer. As components become more available, Incap expects that the competition on its customers' markets will be tougher. The management considers customer relationship management to be of utmost importance and is paying special attention to it.

The company's sales are spread over several customer segments balancing out the impact of the economic fluctuation in different industrial sectors. In the first half of 2024, four biggest customers contributed to 52.6% (68.0%) of revenue. Out of the total customer base in January–June 2024, 20 customers (16) exceeded EUR 1 million revenue.

Electronics manufacturing services is a highly competitive industry with continuous pressure on cost level management. Incap has succeeded in increasing the efficiency of its operations and managing the costs.

## Financial risks

The financial position of the company is good and the sufficiency of financing and working capital does not pose a significant risk.

The value of the shares in subsidiaries in the parent company has a significant impact on the parent company's equity and therefore on, for example, equity ratio. Based on the impairment calculations in connection with the financial statements for 2023 and indicators as of 30 June 2024, there is no need for any write-down of the value of the shares in subsidiaries.

Main currencies used in Incap's operations are Euro, Indian rupee, British pound and US dollar. The changes in the exchange rates between the currencies and the Euro may have a negative impact

on Incap's revenue, equity ratio, result and financial position.

In a tax audit conducted by Indian tax authorities in 2018 regarding financial period 2015–2016, the deductibility of group costs is being investigated. Also, the amounts of paid indirect taxes are being investigated in India. At the end of June 2024, the Group had a total provision of EUR 1.6 million booked in accordance with IFRIC 23 (evaluation of uncertain tax positions). The cases are still under preliminary investigation, and if an agreement cannot be settled with a local tax authority, the company will take the matter to the next level of authority. Based on the company's judgment, the current level of provision covers possible tax risks.

## Significant events after the end of the period

On 18 July 2024, Incap updated its outlook for 2024. Incap estimates the revenue in 2024 to be higher than in 2023 and the operating profit (EBIT) in 2024 to be at the same level as in 2023.

## Strategy and targets

Incap's growth strategy is based on its entrepreneurial and customer-driven culture, flexible operational model and its deep-rooted cost management mindset. The company wants to drive industry consolidation, benefiting from the growth

potential of the industry while maintaining its cost efficiency and long-term profitability. To continue its strong track record, the company is focusing on three strategic cornerstones: growth, profitability and operational excellence.

## Financial reporting in 2024

In 2024, Incap will publish the following financial reports:

- Business review for January–September 25 October 2024

In Helsinki, 26 July 2024

### INCAP CORPORATION

Board of Directors

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#### Distribution:

Nasdaq Helsinki Ltd.

Principal media

[www.incapcorp.com](http://www.incapcorp.com)

## Accounting principles for the half-year report

This half-year report has been prepared in accordance with international financial reporting standards (IFRS) - IAS 34 Interim Financial Reporting standard. When preparing the report, the same

principles have been used as in the 2023 financial statements. Unless otherwise stated, the comparison figures refer to the same period in the previous year. This half-year report is unaudited.

## Consolidated statement of comprehensive income

(EUR thousands)	1-6/2024	1-6/2023	1-12/2023
<b>REVENUE</b>	<b>109,007</b>	<b>129,114</b>	<b>221,591</b>
Other operating income	213	258	423
Change in inventories of finished goods	-3,524	-6,948	-5,148
Raw materials and consumables used	-68,722	-85,443	-148,029
Personnel expenses	-15,617	-9,560	-24,029
Depreciation and amortisation	-2,766	-1,999	-4,623
Other operating expenses	-5,842	-6,621	-11,969
<b>OPERATING PROFIT</b>	<b>12,749</b>	<b>18,801</b>	<b>28,216</b>
Financial income	1,485	802	944
Financial expenses	-1,412	-1,313	-2,738
<b>PROFIT BEFORE TAX</b>	<b>12,822</b>	<b>18,290</b>	<b>26,422</b>
Income tax expenses	-2,812	-4,231	-6,602
<b>PROFIT FOR THE PERIOD</b>	<b>10,010</b>	<b>14,059</b>	<b>19,820</b>
Earnings per share, EUR	0.34	0.48	0.68

<b>OTHER COMPREHENSIVE INCOME</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Items that will not be transferred to P&L (revaluation of employee benefits)	0	-26	-23
Items that may be recognised in profit or loss at a later date:			
Translation differences from foreign units	2,150	-393	-2,344
Other comprehensive income, net	2,150	-419	-2,367
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>12,160</b>	<b>13,641</b>	<b>17,453</b>
Attributable to:			
Shareholders of the parent company	12,160	13,641	17,453

## Consolidated balance sheet

(EUR thousands)	30 June 2024	30 June 2023	31 Dec 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	22,301	17,331	21,625
Right-of-use assets	7,454	6,774	8,089
Goodwill	8,452	7,384	8,237
Other intangible assets	5,555	3,981	5,503
Other financial assets	4	4	4
Deferred tax assets	1,165	345	1,012
Other receivables	410	779	443
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45,341</b>	<b>36,598</b>	<b>44,914</b>
<b>CURRENT ASSETS</b>			
Inventories	69,246	73,491	71,022
Trade and other receivables	40,176	34,614	23,864
Cash and cash equivalents	39,786	15,732	42,550
<b>TOTAL CURRENT ASSETS</b>	<b>149,208</b>	<b>123,836</b>	<b>137,435</b>
<b>TOTAL ASSETS</b>	<b>194,548</b>	<b>160,434</b>	<b>182,349</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	1,000	1,000	1,000
Reserve for invested unrestricted equity	23,795	22,184	23,745
Exchange differences	-5,681	-5,880	-7,831
Retained earnings	100,057	83,913	89,846
<b>TOTAL EQUITY</b>	<b>119,171</b>	<b>101,218</b>	<b>106,760</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	22,572	4,926	23,643
Lease liabilities	6,620	5,654	6,556
Deferred tax liabilities	1,240	605	1,302
Employee benefit obligations	292	251	261
Other liabilities	1,619	1,619	1,619
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>32,343</b>	<b>13,054</b>	<b>33,381</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	39,231	42,410	37,789
Borrowings	2,252	2,159	2,271
Lease liabilities	1,032	1,132	1,603
Employee benefit obligations	56	56	54

Other liabilities	464	405	491
<b>TOTAL CURRENT LIABILITIES</b>	<b>43,035</b>	<b>46,163</b>	<b>42,208</b>
<b>TOTAL LIABILITIES</b>	<b>75,377</b>	<b>59,216</b>	<b>75,589</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>194,548</b>	<b>160,434</b>	<b>182,349</b>

## Consolidated cash flow statement

(EUR thousands)	1-6/2024	1-6/2023	1-12/2023
<b>Cash flow from operating activities</b>			
Operating profit	12,749	18,801	28,216
Adjustments to operating profit	3,336	2,245	5,107
Change in working capital			
Change in current receivables	-15,031	2,035	17,928
Change in inventories	3,895	18,102	25,911
Change in current liabilities	2,315	-14,259	-23,184
Interest and charges paid	-1,012	-539	-1,109
Interest received	332	4	162
Paid tax and tax refund	-3,361	-4,600	-8,382
<b>Cash flow from operating activities</b>	<b>3,224</b>	<b>21,790</b>	<b>44,650</b>
<b>Cash flow from investing activities</b>			
Capital expenditure on tangible and intangible assets	-2,079	-5,069	-6,875
Proceeds from sales of tangible and intangible assets	3	44	52
Acquisition of a subsidiary less cash acquired	-2,802	0	-12,478
<b>Cash flow from investing activities</b>	<b>-4,878</b>	<b>-5,024</b>	<b>-19,301</b>
<b>Cash flow from financing activities</b>			
Drawdown of loans	0	1,557	27,445
Repayments of borrowings	-1,116	-8,896	-15,853
Right-of-use asset payments	-814	-736	-1,506
<b>Cash flow from financing activities</b>	<b>-1,930</b>	<b>-8,075</b>	<b>10,086</b>
<b>Change in cash and cash equivalents</b>	<b>-3,584</b>	<b>8,691</b>	<b>35,435</b>
Cash and cash equivalents at beginning of period	42,550	7,559	7,559
Effect of changes in exchange rates	819	-518	-443
<b>Cash and cash equivalents at end of period</b>	<b>39,786</b>	<b>15,732</b>	<b>42,550</b>



## Consolidated statement of changes in equity

(EUR thousands)	Share capital	Unrestricted equity reserve	Translation differences	Retained earnings	Total equity
<b>Equity on 1 January 2024</b>	<b>1,000</b>	<b>23,745</b>	<b>-7,831</b>	<b>89,846</b>	<b>106,760</b>
Profit for the period				10,010	<b>10,010</b>
Other comprehensive income			2,150		<b>2,150</b>
<b>Total comprehensive income</b>			<b>2,150</b>	<b>10,010</b>	<b>12,160</b>
Other changes					
<b>Transactions with owners</b>					
Capital investments		50			<b>50</b>
Employee share schemes – value of employee services				201	<b>201</b>
<b>Equity on 30 June 2024</b>	<b>1,000</b>	<b>23,795</b>	<b>-5,681</b>	<b>100,057</b>	<b>119,171</b>
<b>Equity on 1 January 2023</b>	<b>1,000</b>	<b>22,184</b>	<b>-5,487</b>	<b>69,728</b>	<b>87,426</b>
Profit for the period				14,059	<b>14,059</b>
Other comprehensive income			-393	-26	<b>-419</b>
<b>Total comprehensive income</b>			<b>-393</b>	<b>14,033</b>	<b>13,641</b>
Other changes				23	<b>23</b>
<b>Transactions with owners</b>					
Employee share schemes – value of employee services				129	<b>129</b>
<b>Equity on 30 June 2023</b>	<b>1,000</b>	<b>22,184</b>	<b>-5,880</b>	<b>83,913</b>	<b>101,218</b>

## Group key figures and contingent liabilities

	1-6/2024	1-6/2023	1-12/2023
Revenue, EUR million	109.0	129.1	221.6
Operating profit/loss, EUR million	12.7	18.8	28.2
% of revenue	11.7	14.6	12.7
Profit/loss before taxes, EUR million	12.8	18.3	26.4
% of revenue	11.8	14.2	11.9
Return on investment (ROI), %	19.4	35.0	23.3
Return on equity (ROE), %	17.7	29.8	20.4
Equity ratio, %	63.0	65.1	60.6
Net gearing, %	-5.9	-1.6	-7.7
Interest-bearing net debt, EUR million	-7.0	-1.6	-8.2
Quick ratio	2.1	1.2	1.8
Current ratio	3.5	2.7	3.3
Average number of shares during the report period, adjusted for share issues*	29,437,214	29,284,835	29,361,025
Earnings per share (EPS), EUR	0.34	0.48	0.68
Equity per share, EUR	4.05	3.46	3.63
Dividend per share, EUR	0.00	0.00	0.00
Dividend out of profit, %	0.0	0.0	0.0
P/E ratio	34.9	21.0	11.5
Trend in share price			
Minimum price during the period, EUR	6.70	9.28	5.80
Maximum price during the period, EUR	12.81	22.05	22.05
Mean price during the period, EUR	9.17	14.45	11.43
Closing price at the end of the period, EUR	11.86	10.08	7.75
Total market capitalisation, EUR million	349.1	295.2	228.1
Trade volume, number of shares	4,600,412	11,425,790	20,833,267
Trade volume, %	15.6	39.0	70.8
Investments, EUR million	4.9	5.1	19.4
% of revenue	4.5	3.9	8.7
Average number of employees including contractors	1,990	2,552	2,261
Personnel at the end of period including contractors	2,270	2,224	1,733
CONTINGENT LIABILITIES, EUR million			
FOR OWN LIABILITIES			
Mortgages and pledges	24.4	16.1	24.4
Off-balance sheet liabilities	0.1	0.1	0.1
Transactions with related parties			
The company has no transactions with related parties.			

\*) Number of shares grew due to the payment of Pennatronics Inc. in Incap's shares.

## Reconciliation of alternative performance measures

### Return on investment, %

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Net profit/loss for the period	10,010	14,059	19,820
Comparable net profit/loss for the period	20,020	28,118	
Financial expenses	1,412	1,313	2,738
Comparable financial expenses	2,825	2,627	
Income taxes	2,812	4,231	6,602
Comparable income taxes	5,623	8,461	
<b>Profit/loss for the period</b>	<b>28,468</b>	<b>39,206</b>	<b>29,160</b>
Equity	119,171	101,218	106,760
Non-current interest-bearing financing loans	29,483	10,830	30,460
Current interest-bearing financing loans	3,284	3,292	3,874
<b>Capital employed</b>	<b>151,938</b>	<b>115,340</b>	<b>141,094</b>
<b>Capital employed average at the end of the reporting period and the end of previous financial year</b>	<b>146,516</b>	<b>112,104</b>	<b>124,981</b>
<b>Return on investment, %</b>	<b>19.4</b>	<b>35.0</b>	<b>23.3</b>

### Return on equity, %

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Net profit/loss for the period	10,010	14,059	19,820
Comparable net profit/loss for the period	20,020	28,118	
Equity	119,171	101,218	106,760
Equity average at the end of the reporting period and the end of previous financial year	112,965	94,322	97,093
<b>Return on equity, %</b>	<b>17.7</b>	<b>29.8</b>	<b>20.4</b>

### Equity ratio, %

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Equity	119,171	101,218	106,760
Balance sheet total	194,548	160,434	182,349
Advances received	-5,240	-4,907	-6,188
<b>Equity ratio, %</b>	<b>63.0</b>	<b>65.1</b>	<b>60.6</b>

### Net gearing, %

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Interest-bearing net debt	-7,018	-1,610	-8,216
Equity	119,171	101,218	106,760

<b>Net gearing, %</b>	<b>-5.9</b>	<b>-1.6</b>	<b>-7.7</b>
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### Interest-bearing net debt

<b>EUR thousand</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Non-current interest-bearing debt	29,483	10,830	30,460
Current interest-bearing debt	3,284	3,292	3,874
<b>Interest-bearing debt</b>	<b>32,767</b>	<b>14,122</b>	<b>34,334</b>
Cash and bank accounts	-39,786	-15,732	-42,550
<b>Interest-bearing net debt</b>	<b>-7,018</b>	<b>-1,610</b>	<b>-8,216</b>

### Current assets

<b>EUR thousand</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Current receivables	40,176	34,614	23,864
Cash and bank accounts	39,786	15,732	42,550
<b>Current assets</b>	<b>79,962</b>	<b>50,346</b>	<b>66,414</b>

### Quick ratio

<b>EUR thousand</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
<b>Current assets</b>	<b>79,962</b>	<b>50,346</b>	<b>66,414</b>
Short term liabilities	43,035	46,163	42,208
Advances received	-5,240	-4,907	-6,188
<b>Current liabilities</b>	<b>37,795</b>	<b>41,256</b>	<b>36,020</b>
<b>Quick ratio</b>	<b>2.1</b>	<b>1.2</b>	<b>1.8</b>

### Current ratio

<b>EUR thousand</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
<b>Current assets</b>	<b>79,962</b>	<b>50,346</b>	<b>66,414</b>
<b>Inventories</b>	<b>69,246</b>	<b>73,491</b>	<b>71,022</b>
Short term liabilities	43,035	46,163	42,208
<b>Current liabilities</b>	<b>43,035</b>	<b>46,163</b>	<b>42,208</b>
<b>Current ratio</b>	<b>3.5</b>	<b>2.7</b>	<b>3.3</b>

### Investments

<b>EUR thousand</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>1-12/2023</b>
Capital expenditure on tangible and intangible assets	2,079	5,069	6,875
<b>Investments</b>	<b>2,079</b>	<b>5,069</b>	<b>6,875</b>

## Adjusted operating profit

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Operating profit	12,749	18,801	28,216
Non-recurring costs	151	778	1,068
Purchase price allocation (PPA) amortisation	278	209	1,298
<b>Adjusted operating profit</b>	<b>13,179</b>	<b>19,789</b>	<b>30,582</b>

## Calculation of key figures

Alternative performance measure	Calculation	Purpose
Comparable net profit/loss for the period	Half-year net profit/loss x 2	The measure is used for providing comparability to full-year figures.
Comparable financial expenses	Half-year financial expenses x 2	The measure is used for providing comparability to full-year figures.
Comparable income taxes	Half-year income taxes x 2	The measure is used for providing comparability to full-year figures.
Return on investment, %	$100 \times (\text{Net profit/loss} + \text{financial expenses} + \text{taxes}) / (\text{Equity} + \text{interest-bearing debt (average at the end of the reporting period and the end of previous financial year)})$	The measure provides information on return on investment.
Return on equity, %	$100 \times \text{Net profit/loss} / \text{Equity (average at the end of the reporting period and the end of previous financial year)}$	The measure provides information on return on equity.
Equity ratio, %	$100 \times \text{Equity} / (\text{Balance sheet total} - \text{advances received})$	The measure indicates how much of the Group's assets have been financed with debt.
Net gearing, %	$100 \times \text{Interest-bearing net debt} / \text{Equity}$	The measure indicates the Group's indebtedness.
Interest-bearing net debt	Interest-bearing debt - cash and bank accounts	The measure indicates the total amount of the Group's external debt funding.
Current assets	Current receivables + cash and bank accounts	The component used for calculating Quick ratio illustrates the assets required for covering the Group's current expenses.
Quick ratio	$\text{Current assets} / (\text{Short-term liabilities} - \text{short-term advances received})$	The measure provides information on the company's liquidity.
Current ratio	$\text{Current assets} + \text{inventories} / \text{Short-term liabilities}$	The measure provides information on the company's liquidity.
Investments	Cash flow from VAT-exclusive working capital acquisitions without deduction of investment subsidies. Additions of right-of-use assets in consolidated	The measure provides information on cash flow from investments.

	balance sheet are not included in investments.	
Adjusted operating profit	Operating profit before non-recurring costs and purchase price allocation (PPA) amortisation	The measure indicates operating profit less expenses related to the acquisition.
<b>Other performance measure</b>	<b>Calculation</b>	
Earnings per share	Net profit/loss for the period / Average number of shares during the period, adjusted for share issues.	
Equity per share	Equity / Number of shares at the end of the period, adjusted for share issues.	
Dividend per share	Dividend for the accounting period / Number of shares on the balance sheet date, adjusted for share issues.	
Dividend out of profit	100 x dividend per share / Earnings per share.	
Total market capitalisation	Closing price for the period x number of shares available for public trading.	
Average number of employees	Average of personnel numbers calculated at the end of each month	

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